

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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E.O. 11652: NA

TAGS: ETRD EEC UK

SUBJECT: BRITISH IMPORT MEASURES

REF: EC BRUSSELS 10404

1. THE BRITISH INFORMED THE COMMISSION ON DECEMBER 16 OF THE IMPORT MEASURES WHICH THEY INTEND TO TAKE. WE UNDERSTAND THAT THE BRITISH HAVE ALSO GIVEN WASHINGTON A CONFIDENTIAL BRIEFING PRIOT TO THE FORMAL ANNOUNCEMENT BY THE CHANCELLOR IN THE HOUSE OF COMMONS THIS AFTERNOON, BUT WE DO NOT KNOW IN WHAT DETAIL.

2. THE MEASURES INVOLVE THE FOLLOWING ITEMS: (A) COTTON YARN FROM SPAIN WILL BE PUT UNDER QUOTA. IMPORTS OF THIS ITEM HAVE RISEN BY A FACTOR OF 20 DURING THE PAST THREE YEARS. THE 1976 QUOTA WILL BE SOMEWHAT HIHGER THAN THE QUANTITY OF IMPORTS IN 1975; (B) QUOTAS WILL BE IMPOSED ON TWO TEXTILE ITEMS FROM PORTUGAL, COTTON YARN AND SYNTHETIC FIBERS, BUT THESE QUOTAS WILL REMAIN IN EXISTENCE ONLY UNTIL THE NEGOTIATION OF A NEW EC AGREEMENT WITH PORTUGAL, WHICH WILL INCLUDE TEXTILE ITEMS? (C) THE BRITISH WILL BE SEEKING VOLUNTARY RESTRAINT ON SHIPMENTS FROM EASTERN EUROPE OF MEN'S SUITS AND MEN'S , WOMEN'S AND CHILDREN'S FOOTWEAR. THEY
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REALIZE THAT THEY CANNOT "NEGOTIATE" SUCH AN AGREEMENT WITH

EASTERN EUROPEAN COUNTRIES SINCE THAT WOULD BE A COMMUNITY RESPONSIBILITY. THEY WILL BE ONLY "DISCUSSIN" THE POSSIBILITY OF SUCH VOLUNTARY RESTRAINTS IN THE HOPES THAT AFTER THE EASTERN EUROPEANS HEAR BRITISH THREATS OF QUOTAS THEY WILL ADOPT VOLUNTARY RESTRAINTS;. (D) THERE IS ALSO TO BE AN IMPORT LICENSING "SURVEILLANCE" REQUIREMENT FOR COLOR TV SETS AND TUBES AND MONOCHROME PORTABLES FROM ALL SOURCES INCLUDING OTHER EC MEMBERS. THE LICENSES WILL BE "GIVEN AUTOMATICALLY".

3. BRITISH SOURCES HERE SEEM RATHER BAGUE ON PRECISELY HOW THEY BELIEVE THESE MEASURES ARE COVERED IN THE TREATY AND REFER ONLY TO "EMERGENCY" COMMUNITY PROCEDURES, THOUGH THEY DO RECOGNIZE THAT THE COMMISSION WOULD HAVE A ROLE IN NOTIFYING THE SPANIARDS AND PORTUGUESE OF THE BRITISH QUOTAS AND IN CON- DUTING ANY DEFENSE OF THE BRITISH MEASURES IN THE GATT OR ANY OTHER INTERNATIONAL ORGANIZATIONS.

4. THE COMMISSION MET ON THIS SUBJECT THIS MORNING IN STRASBOURG AND WILL ISSUE A STATEMENT THIS AFTERNOON. ACCORDING TO COMMISSION SOURCES HERE IN BRUSSELS, THE COMMISSION WILL ATTEMPT TO PLYA DOWN THE BRITISH ACTION. IT IS RELIEVE THAT THE ACTION WAS NOT MORE COMPREHENSIVE BUT ANNOYED THAT THE BRITISH HAVE DECIDED TO EMBARK ON THIS "RIDICULOUS" MEASURE. THE BRITISH HAVE EVIDENTLY NOT ATTEMPTED TO JUSTIFY THEIR ACTIONS UNDER ANY ARTICLE OF THE EC OR ACCESSION TREATY. OUR SOURCES ANTICIPATE THAT THE COMMISSION WILL CONDEMN THESE ACTIONS AS ILLEGAL UNDER THE TREATY AS (Q) INCONSISTENT WITH THE COMMON COMMERCIAL POLICY, (B) INVOLVING MEMBER STATE NEGOTIATION WITH THIRD COUNTRIES, OR (C) IMPOSING SURVEILLANCE MECHANISMS ON PRODUCTS FROM OTHER COMMUNITY SOURCES. THE COMMISSION WILL BE FACED WITH A DECISION ON WHICH OUR SOURCES ARE NOT WILLING TO SPECULATE ABOUT WHETHER IT SHOULD LET THESE MEASURES RUN THOUGH THEY ARE CLEARLY ILLEGAL OR TRY TO TAKE ADVANTAGE OF COMMUNITY PROCEDURES TO PERSUADE THE BRITISH TO DROP THE MEASURES.

5. COMMENT: IT IS UNCLEAR TO US HOW THE COMMISSION CAN BOTH "PLAY THESE MEASURES DOWN" AND CONDEMN THEM AS ILLEGAL UNDER THE TREATY OF ROME. WE HAD PREVIOUSLY BEEN LED TO EXPECT A MORE CO PLACENT COMMISSION REACTION (REFTEL), BUT SOURCES NOW LIMITED OFFICIAL USE

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GIVE US THE IMPRESSION THE COMMISSION/COMMUNITY REACTION IS NOT SO CLEAR. ONE SOURCE SIAD "THERE GOES THE CHRISTMAS VACTATION".
MORRIS

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